

~~EYES ONLY~~

13 March 1981

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM : Robert Gates

SUBJECT : NFAC Organization/John Bross Memorandum

1. My thinking on the issues raised in John's memorandum generally parallels his.

NIO Structure

2. With respect to the NIOs, I believe the present structure should be retained and strengthened. I worked at the Agency at the time ONE existed, was an Assistant NIO in 1973 when NIOs served as "micro-DCIs," and now most recently served as an NIO in the present structure. Of these three approaches, the present system, with some strengthening, in my view best serves the DCI/DDCI. The advantages are that:

- The NIOs have good contacts in both the policy agencies and the Intelligence Community. They provide a single point of contact for senior staff officials in both communities and so are in the best position to support the DCI/DDCI in their various roles.
- In particular, the NIO is well suited to support the DCI and the DDCI in their participation in NSC, SIG, and other meetings. Because their purview cuts across economic, political, and military lines, they are in a position to draw together in one place all the threads of analysis necessary for policy support. There is no place else in the Community where this can logically be done.
- At the same time, the NIOs serve as a useful organizational base for the preparation of national estimates. Their contacts with policy agencies certainly well serve the estimative process by lending a sense of priorities and key issues. They are more inclined to address implications for the U.S.

DD/NFA vs. D/NFAC

3. I believe the present double-hatting arrangement of the Director of NFAC has several disadvantages. These include:

- Potential conflict of interest on estimates. Overseeing the NIOs and NFAC, he must face the choice of having to overrule his line managers in the production offices or the NIOs on estimate drafts.
- From the standpoint of the Community, D/NFAC has undue influence on the estimative process and can, in fact, shape them to his own taste.
- Related to the above, perception of the NIOs by the rest of the Community as an adjunct of NFAC. Thus, their efforts to convey to the Community their role as an independent broker representing only the DCI lack credibility.

4. Making the Chairman of the NIC responsible to the DCI or DDCI but leaving the NIOs in this building perhaps would represent a better balancing of equities.

- The independence of the NIOs from NFAC would be acknowledged and thereby enhance their capability to serve as a Community representative of the DCI.
- It would ease their work in the estimating business and would enhance their role with respect to the support they provide the DCI/DDCI, with the policy agencies and when they testify on the Hill. (I acknowledge John's point that the law provides that CIA will collate, analyze and disseminate information affecting the national security, but I think there would be little disagreement that the rest of the Community does not believe CIA/NFAC has served as an honest broker in this role.)
- Additionally, an independent NIC organization and Chairman would serve as a single point of focus for DCI/DDCI efforts to improve estimates.
- Leaving the NIOs in this building not only keeps them near the Director, but also would keep them in close contact with the production offices that now support them--especially on short-fuse, policy support efforts. This would continue the present system which, in my experience, works fairly well.

#### Organization of Soviet Analysis

5. I am sympathetic to the notion of a new organization for the analysis of Soviet affairs, particularly one that would cut across the economic, political and military disciplines. A single office incorporating the Soviet Division of OER, the Strategic Evaluation Center of OSR and the Soviet Division of OPA would put under one roof the organizations that do almost all of the politico-military and politico-economic analysis of the USSR for CIA. It would perhaps alter the present, narrow mind-set of analysts in each area. It might provide the basis for serious multi-disciplinary analysis of Soviet affairs. Moreover, it could serve as an experiment for NFAC to see if a reorganization in the future into regional bureaus has merit.

6. At the same time, the problems involved in creating such a structure should not be underestimated. They include:

- the negative impact of yet another reorganization;
- the difficulty in finding someone to head it. He/she would have to be simultaneously an outstanding manager and a substantive specialist of considerable skill;
- each of the units for some time to come probably would be located separately (in their present locations) thereby making the challenge of pulling them together and giving them a sense of unity and coherence all the more difficult. There would be personnel and career service problems.
- the lack of any assurance that the hoped-for objectives would be achieved (promoting greater cross-fertilization of ideas across disciplines, multi-disciplinary analysis, and so forth).

#### Recommendations

7. My recommendations are:

a. As John suggests, to fill the immediate NIO vacancies. I would go beyond this and recommend ending the double-hatting of D/NFAC. This would cause virtually no change in present organization except that the Chairman of the NIC would report directly to the DCI and you. There would be no other disruption and the signals it would send to the Community would, I believe, be positive.

b. I agree with John that in the Soviet area we should live with the existing organization until Paul Nitze has had a chance to complete his preliminary survey and pending further discussion among us and with Bruce, Evan and Dick Lehman.

c. There does need to be further discussion of the SRP. It seems to me that it or something similar to it might serve as a more effective evaluation/monitoring board, the recommendations of which would have more weight.



Robert Gates

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